**** Republic of the Philippines

**PHILIPPINE STATE COLLEGE OF AERONAUTICS**

**NOTES TO FINANCIAL STATEMENTS**

**(ALL FUNDS)**

For the year ended December 31, 2015

1. **General Information/Agency Profile**

The financial statements of the Philippine State College of Aeronautics (PhilSCA) were authorized for issue on January 27, 2016 as shown in the Statement of Management Responsibility for Financial Statements signed by the Vice-President for Administration & Finance – Officer-in-Charge and the PhilSCA President.

It was initially established in 1967 as Basa Air Base Community College under AFP Regulation G. 168-342 issued by the [Armed Forces of the Philippines](https://en.wikipedia.org/wiki/Armed_Forces_of_the_Philippines) dated April 1968 under the [Department of National Defense](https://en.wikipedia.org/wiki/Department_of_National_Defense_%28Philippines%29) to address the problem plaguing the 5th Fighter Wing of the Philippine Air Force stationed at Basa Air Base, [Floridablanca](https://en.wikipedia.org/wiki/Floridablanca,_Pampanga), [Pampanga](https://en.wikipedia.org/wiki/Pampanga). Most of its graduates are employed in the AFP, [Philippine National Police](https://en.wikipedia.org/wiki/Philippine_National_Police) (PNP), [Philippine Coast Guard](https://en.wikipedia.org/wiki/Philippine_Coast_Guard) (PCG), Philippine Aerospace Development Corporation, [Air Transportation Office](https://en.wikipedia.org/wiki/Air_Transportation_Office), as well as by local and international airline companies, aeronautical colleges and flight schools, and aircraft repair stations.

In 1977, Basa Air Base College (BABC) established an annex in Nichols Air Base (currently Villamor Air Base) in Pasay City known as BABC-Annex using the classroom of the Pasay City South High School for afternoon and evening classes.

In the same year, satellite campus was established in Fernando Air Base in Lipa City, Batangas.

Also in the same year, President Ferdinand E. Marcos signed Presidential Decree No. 1078 converting Basa Air Base Community College to Philippine Air Force College of Aeronautics with its main campus in Villamor Air Base, Pasay City, Metro Manila. Although with state college status, its charter did not provide for government subsidy as it was considered as a non-profit and non-stock educational institution. It was envisioned by Philippine Air Force authorities to be the Philippine Air Force Academy to solve its problem in the procurement and training of its officer pilots through the merging of the Philippine Air Force Flying School and the Philippine Air Force Regular Officer Procurement Program.

In 1979, another satellite campus was established in Mactan Benito Ebuen Air Base Campus in Lapulapu City, Mactan, Cebu.

On June 3, 1992, House Bill 26650 was signed into law as Republic Act. No. 7605 by then President Corazon C. Aquino converting Philippine Air Force College of Aeronautics into a state college known as the Philippine State College of Aeronautics.

On July 8, 2010, the College was transferred from its original location at Manlunas St. Villamor Air Base, Pasay City (currently [Newport City](https://en.wikipedia.org/wiki/Newport_City,_Philippines)) to its new site at Piccio Garden, Villamor, Pasay City (in front of [South Luzon Expressway](https://en.wikipedia.org/wiki/South_Luzon_Expressway) Sales Exit)

On December 15, 2011, the PhilSCA-BAB campus made a groundbreaking ceremony of the newly donated lot for the relocation of the said campus at the Resettlement Area, in Floridablanca, Pampanga. When the said campus was relocated to the new site, it was no longer BAB Campus, it became Floridablanca Campus.

On February 5, 2012, Dr. Bernard R. Ramirez was re-appointed as College President of the Philippine State College of Aeronautics after his 19 months of leadership.

The College is envisioned to become a leader institution committed to scientific and technological advancement of aeronautical sciences, responsive to the dynamic and emerging demands for world-class professionals of the industry. Its mission is to produce world-class aeronautics professionals, imbued with commitment, excellence responsibility and integrity through advance level of instruction and research.

The registered office address of PhilSCA Main Campus is located at Piccio Garden, Villamor, Pasay City in Metro Manila.

The consolidated financial statements include the transactions of the Philippine State College of Aeronautics (main) and its satellite campuses in Cebu, Batangas and Pampanga.

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1. **Statement of Compliance and Basis of Preparation of Financial Statements**

Transitional new provisions introduced under the Philippine Public Sector Accounting Standards (PPSAS) are adopted for the second year of implementation in the preparation of the financial statements as prescribed under COA Circular No. 2015-002 dated March 9, 2015. In addition, PhilSCA used the new government-wide coding framework under the Unified Account Code Structure (UACS) for the recording and reporting of financial transactions as provided for under COA-DBM-DOF Joint Circular No. 2013 – 1 dated August 6, 2013 which took effect on January 1, 2014 and enhanced UACS under COA-DBM-DOF Joint Circular 2014-1 effective January 1, 2015.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flows is prepared using direct method.

Included in the financial statements are transactions of all four PhilSCA campuses, however, the agency adopts the centralized accounting system whereby only one complete set of books is kept and maintained by the Accounting Office in the Main Campus at Piccio Garden, Villamor, Pasay City.

1. **Summary of Significant Accounting Policies**
2. **Basis of Accounting**

The financial statements are prepared on an accrual basis in accordance with the Philippine Public Sector Accounting Standards (PPSAS).

1. **Financial Instruments**
   1. **Financial assets**

*Initial recognition and measurement*

Financial assets within the scope of PPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The PhilSCA determines the classification of its financial assets at initial recognition.

The PhilSCA’s financial assets include: cash and cash equivalents and receivables.

*Financial assets carried at amortized cost*

*The* carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit.

* 1. **Financial liabilities**

*Initial recognition and measurement*

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

1. **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call and highly liquid investments, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

1. **Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the PhilSCA.

1. **Property, Plant and Equipment**

*Recognition*

An item is recognized as property, plant, and equipment (PPE) if it meets the characteristics and recognition criteria as a PPE.

The characteristics of PPE are as follows:

* Tangible items;
* are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
* are expected to be used during more than one reporting period.

An item of PPE is recognized as an asset if:

* It is probable that future economic benefits or service potential associated with the item will flow to the entity; and
* The cost or fair value of the item can be measured reliably.

*Measurement at Recognition*

An item recognized as PPE is measured at cost. A PPE acquired through non-exchange transaction is measured at its fair value as at the date of acquisition.

The cost of the PPE is the cash price equivalent or, for PPE acquired through non-exchange transaction, its cost is its fair value as at recognition date.

*Measurement after Recognition*

After recognition, all PPE are stated at cost less accumulated depreciation and impairment losses.

When significant parts of PPE are required to be replaced at intervals, PhilSCA recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized as expense in surplus or deficit as incurred.

*Depreciation*

Each part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized as expense unless it is included in the cost of another asset.

*Initial Recognition of Depreciation*

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

For simplicity and to avoid proportionate computation, the depreciation is for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation is for the succeeding month.

*Depreciation Method*

The straight line method of depreciation shall be adopted unless another method is more appropriate for agency operation.

*Estimated Useful Life*

PhilSCA uses the Schedule on the Estimated Useful Life of PPE by classification prepared by COA.

It uses a residual value equivalent to at least five percent (5%) of the cost of the PPE.

*Impairment*

An asset’s carrying amount is written down to its recoverable amount, or recoverable service amount, if the asset’s carrying amount is greater than its estimated recoverable service amount.

1. **Changes in Accounting Policies**

The PhilSCA recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

Allowance for impairment is maintained at a level adequate to provide for potential uncollectible amount of receivables. A review of the receivables designed to identify accounts to be provided with allowance, is made on a regular basis.

PPE accounts are carried at cost less accumulated depreciation and obsolescence except for those PPE controlled but not owned by PhilSCA due to the absence of ownership/title based on contract or memorandum of agreements in which case the cost of such PPE is measured at face value or zonal value if available as of the date of the acquisition and/or at the date it was determined.

For assets under construction, the Construction Period Theory was applied for costing purposes. Related expenses incurred during the construction of the project were capitalized and those incurred after the construction formed part of the operating cost. Bonus paid to contractors for early completing the work was added to the total cost of the project and those projects where liquidated damages charged and paid for by the contractor was deducted from the project cost.

The Straight Line Method of depreciation is used in depreciating the PPE with estimated useful lives ranging from five to 50 years. The effect on the recognition of depreciation as a result of the change in the estimated residual value from ten percent to five percent was applied prospectively effective January 1, 2015.

Payable accounts are recognized and recorded in the books of accounts only upon delivery of the goods/inventory/other assets and rendition of services to the agency.

1. **Revenue from non-exchange transactions**

*Gifts and Donations*

The PhilSCA recognizes assets and revenue from gifts and donations when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Goods in-kind are recognized as assets when the goods are received, or there is a binding arrangement to receive the goods. If goods in-kind are received without conditions attached, revenue is recognized immediately. If conditions are attached, a liability is recognized, which is reduced and revenue recognized as the conditions are satisfied.

On initial condition, gifts and donations including goods in-kind are measured at their fair value as at the date of acquisition, which were ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a number of the valuation profession who holds a recognized and relevant professional qualification. For many assets, the fair value is ascertained by reference to quoted prices in an active and liquid market.

1. **Revenue from Exchange Transactions**

*Measurement of Revenue*

Revenue shall be measured at the fair value of the consideration received or receivable.

1. **Budget Information**

The annual budget is prepared on a cash basis and is published in the government website.

As a result of the adoption of the cash basis for budgeting purposes, as separate Statement of Comparison of Budget and Actual Amounts is presented showing the basis, final budget and actual differences. This statement provides the receipts of income, expenditures and if any, sources of borrowings that are used to achieve the agency’s major final outputs and targets set for the year.

The annual budget figures included in the financial statements are for PhilSCA. These budget figures are those approved by the governing body prior to the start of the fiscal year following a period of consultation with stakeholders.

1. **Employee Benefits**

The employees of PhilSCA are members of the Government Service Insurance System (GSIS) which provided life and retirement insurance coverage.

PhilSCA recognizes expenses for accumulating compensated absences when these are paid (commuted or paid as terminal leave benefits). Unused entitlements that have accumulated at the reporting date are not recognized as expense. Non-accumulating compensated absences, like special leave privileges, are not recognized.

1. **Change in accounting treatment**

Accounts were classified to conform with the new Chart of Accounts under the Unified Account Code Structure (UACS) prescribed under COA-DBM-DOF Joint Circular No. 2013-1 dated August 6, 2013 effective January 1, 2014 and later reclassified under Enhanced UACS prescribed by a succeeding COA-DBM-DOF Joint Circular No. 2014-1 effective January 1, 2015.

Transactions under foreign currencies are recorded in Philippine Peso based on the BSP rate of exchange prevailing at the date of transactions. At the end of the year, these are revalued using the rate of exchange as at the date of the Statement of Financial Position. Foreign currency denominated monetary assets and liabilities as at the date of Statement of Financial Position are restated based on BSP exchange rate at that date.

1. **Correction of Fundamental Errors and Adjustments**

Fundamental errors and necessary adjustments of prior years’ accounts before FY 2015 are recorded as an adjustment by using the Accumulated Surplus/Deficit account. Errors affecting current year’s operation are charged to the current year’s accounts.

1. **Subsequent Events**

Significant changes in the field of accounting prompted the harmonization of existing government accounting standards with the international accounting standards brought about by the Philippine Public Financial Management Reforms. Hence, the Commission On Audit (COA) who has the exclusive authority to promulgate accounting and auditing rules and regulations, revised the old National Government Accounting System (NGAS) manual and came out with the new Government Accounting Manual (GAM) for use by all National Government Agencies (NGAs) including State Universities and Colleges (SUCs) effective January 1, 2016 which presents the basic accounting policies and standards in accordance with the Philippine Public Sector Accounting Standards (PPSAS) of which PPSAS are already introduced and adopted in the preparation of the financial statements as of December 31, 2015.

1. **Cash and Cash Equivalents - ₱200,497,925.30**

This account consists of Cash in Bank – Local Currency, Current Account (LCCA) as of December 31, 2015 under the Special Trust Fund which represents the deposited collections on tuition and other school fees amounting to P200,333,714.34 which the College is authorized to use under RA 8292, and Cash – Treasury/Agency Deposit in the amount of P137,449.53and also cash on hand / Petty Cash Fund balance amounting to P26,761.43**.** Bank reconciliation statements are submitted to support the ending balances of this account as of December 31, 2015.

|  |  |  |
| --- | --- | --- |
| **Account** | **Amount** | |
| **2015** | **2014** |
| Cash on Hand / Petty Cash Fund | 26,761.43 | 100,420.95 |
| Cash in Bank - LCCA | 200,333,714.34 | 109,263,825.58 |
| Cash – Treasury/Agency Deposit, Regular | 137,449.53 | - |
| **Total** | **200,497,925.30** | **109,364,246.53** |

1. **Receivables - P32,015,385.89**
2. **Loans and Receivables:**

| **Accounts** | **Current** | |
| --- | --- | --- |
| **2015** | **2014** |
| Accounts Receivable | 11,733,099.82 | 8,592,905.23 |
| *Allowance for Impairment –Account Receivables* | (520,320.81) | (333,372.42) |
| *Net Book Value - Accounts Receivable* | 11,212,779.01 | 8,259,532.81 |
| Loans Receivable | 886,500.00 | 886,500.00 |
| *Allowance for Impairment –Loans Receivables* | (44,325.00) | - |
| *Net Book Value – Loans Receivable* | 842,175.00 | 886,500.00 |
| Inter-Agency Receivables | 18,237,342.73 | 4,573,932.00 |
| *Receivables - Disallowances/Charges* | 580,096.79 | 580,096.79 |
| *Other Receivables* | 1,189,307.75 | 1,217,660.00 |
| *Allowance for Impairment – Other Receivables* | (46,315.39) | - |
| *Net Book Value – Other Receivables* | 1,142.992.36 | 1,217,660.00 |
| **Totals** | **32,015,385.89** | **15,517,721.60** |

The Accounts Receivable account of P11,733,099.82 represents collectibles for the payment of space rental/lease, electricity and water from concessionaires and for tuition and other school fees from students.

The Loans Receivable – Others account amounting to P886,500.00 represents outstanding balance of loans granted to students out of funds provided by the Commission on Higher Education (CHED) through its Student Financial Assistance Program (STUFAP)

The Inter-Agency Receivables comprised of the account Due from National Government Agencies in the amount of P18,237,342.73 which represents advance payments made to the DBM-Procurement Service for the purchase of commonly used office supplies and equipment, and undelivered supplies/materials as of year-end.

The Other Receivables –Disallowances/Charges of P580,096.79 represents amount due from employees resulting from audit disallowances which had become final and executory, while the remaining net book value of this account amounting to P1,142,992.36 includes past due and other receivables pertaining to cash shortages of former fund accountable officers, excess allowances due from members of the Board of Trustees and collectibles from personnel who are no longer connected with PhilSCA.

1. **Aging/Analysis of Receivables**

*As of December 31, 2015*

|  |  |  |
| --- | --- | --- |
| **Accounts** | **Amount** | **Past due** |
| **>60days** |
| Accounts Receivable | 11,212,779.01 | 11,212,779.01 |
| Loan Receivable | 842,175.00 | 842,175.00 |
| Inter-Agency Receivable | 18,237,342.73 | 18,237,342.73 |
| Other Receivables | 1,723,089.15 | 1,723,089.15 |
| **Total** | **32,015,385.89** | **32,015,385.89** |

1. **Inventories - P820,615.89**

This account consists of the following inventoriable stock balances in the custody of property and fund accountable officers:

|  |  |
| --- | --- |
| **Account** | **Amount** |
| **Inventory held for Consumption** |  |
| Office Supplies Inventory | 534,972.79 |
| Accountable Forms Inventory | 285,643.00 |
| **Total Carrying Amount, December 31, 2015** | **820,615.89** |

1. **Other Current Assets - P3,070,021.21**

This current account consists of the following:

|  |  |
| --- | --- |
| **Particulars** | **Amount** |
| Advances | 506,965.08 |
| Prepayments) | 2,563,056.13 |
| **Totals** | **3,070,021.21** |

1. Advances are composed of Advances for Payroll amounting to P488,755.54 and Advances to Officers and Employees of P18,209.54.
2. Prepayments consist of the Prepaid Insurance for motor vehicles, other properties and equipment, and personal accident insurance for students, faculty, and staff.
3. **Property, Plant and Equipment - P324,311,701.25**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Land** | **Furniture, Fixtures and Books** | **Other Property, Plant & Equipment** | **Buildings and Other Structures** | **Machinery and Equipment** | **Total** |
| Carrying Amount, 1/1/15 | 255,000,000.00 | 8,135,028.38 | 1,040,002.20 | 19,641,477.58 | 42,644,325.44 | 325,524,833.60 |
| Additions/Acquisition | - | 10,464.00 | - | - | 4,946,824.33 | 4,957,288.33 |
| Total | 255,000,000.00 | 8,145,492.38 | 1,040,002.20 | 19,641,477.58 | 47,591,149.77 | 330,482,121.93 |
| Disposals | - | - | - | - | - | - |
| Depreciation (as per Statement of Financial Performance) | - | 272,260.49 | - | 355,854.66 | 5542305.53 | 6,170,420.68 |
| **Carrying Amount, 12/31/2015**  **(As per Statement of Financial Position)** | **255,000,000.00** | **7,873,231.89** | **1,040,002.20** | **19,285,622.92** | **42,048,844.24** | 324,311,701.25 |
| Gross Cost (Asset Account Balance per Statement of Financial Position) | 255,000,000.00 | 10,545,011.72 | 1,040,022.00 | 38,586,588.24 | 105,700,437.91 | 410,872,059.87 |
| Less: Accumulated Depreciation | - | 2,671,779.83 | 936,019.80 | 19,300,965.32 | 63,651,593.67 | 86,560,358.62 |
| Allowance for Impairment | - | - | - | - | - | - |
| **Carrying Amount, 12/31/2015 (As per Statement of Financial Position)** | **255,000,000.00** | **7,873,231.89** | **104,002.20** | **19,285,622.92** | **42,048,844.24** | **324,311,701.25** |

There was a Contract to Sell - a portion of Villamor Air Base property with a total land area of 17,454 square meters for a contract price of P5,997,000.00 which was made and executed by and between Bases Conversion Development Authority (BCDA) and PhilSCA on September 7, 1999. On July 8, 2001, a Deed of Absolute Sale was again executed by and between BCDA eventually after the full payment thereof. On May 31, 2010, the PhilSCA Board of Trustees passed and approved Board Resolution No. 35, series 2010 regarding the transfer of the campus of PhilSCA Villamor Air Base to the relocation site provided by BCDA at the Piccio Garden, Villamor Air Base, Pasay City.

On June 10, 2010, a Memorandum of Agreement (MOA) was executed and entered into by the PhilSCA, BCDA and Megaworld Corporation whereby PhilSCA agreed to transfer from the PhilSCA Villamor Air Base Pasay Campus to the new PhilSCA relocation site.

Sometime on November 2010, the College transferred from its original location at Manlunas St., Villamor Air Base, Pasay City (currently Newport City) to the new site at Piccio Garden, Villamor, Pasay City (in front of South Luzon Expressway Sales Exit) to resume its normal school operation.

Pursuant to the said MOA, the following salient points were undertaken, to wit:

* BCDA shall provide a relocation site in exchange for the old campus site which was identified to be at Piccio Garden, Villamor Air Base, Pasay City, with estimated total lot area of 17,000 square meters.
* PhilSCA shall give up its immovable properties in Manlunas Street, Villamor Air Base, Pasay City, details of which are as follows:

Acquisition Costs

Land **P** 95,997,000.00

Office Buildings 9,099,806.80

School Buildings 36,715,969.85

Total **P141,812,776.65**

* Megaworld shall assume all expenses in the relocation and replication of the PhilSCA’s classrooms, offices, and other facilities at the old site and in compliance therewith, the following were constructed in the relocation site. However, no data available from Megaworld Corporation as to the values of the following constructed buildings as of year-end to effect detailed reporting of property values in the books:
* Main Building 1 – 4 storey
* Building 2 – 4 storey
* Hangar Building – 2 storey
* Quarters Building – 2 storey
* One storey dormitory
* Flight Simulator Building
* Parking facility

The Land account recorded at P255,000,000.00 pertains to the zonal value of the new site measuring about 17,000 sq. m. at P15,000.00 per square meter as determined by the COA Audit Team based on the latest revised zonal values of all lots within the Philippines as of December 11, 2009 as posted in the Bureau of Internal Revenue website. Independent property appraisers contracted by PhilSCA during the year 2010 however, revealed an appraised value of the new site from P425,000,000.00 to **P**488,712,000.00. There has to be a formal transfer of title yet for the relocation site at Piccio Garden, Villamor Air Base, Pasay City. Further, the Certificate of Acceptance has yet to be issued by the Management to ensure first that the buildings are structurally sound and free from any defects before issuing the said certificate.

All other properties and deliverables by Megaworld with identified values were already reflected in the books, such as: the Cessna 150 aircraft, audio visual and speech laboratory equipment, chemistry and physics laboratory facilities, standby generator, noise barrier, motor vehicle and other equipment.

In addition, another two deeds of donations were received by PhilSCA from the Municipalities of Floridablanca in Pampanga and from Medellin, Cebu for a parcel of land and buildings. The donated parcel of land situated at Brgy. Palmayo, Floridablanca Pampanga, has an estimated area of 16,309 square meters with a two storey building, a gymnasium and playground while the donated property at Brgy. Curva, Medellin, Cebu has a total lot area of 500 square meters with a two storey building structure with a floor area of 355 square meters. Both deeds of donation did not specify the total value of the properties granted to the College which will be determined by professional property appraisers on the next accounting period.

1. **Financial Liabilities - P7,368,206.29**

The financial liabilities consist of current accounts payable due to external creditors amounting to P3,208,293.41, while the remaining current payable account due to various officers and employees amounted to P4,159,912.88.

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Current** | |
| **2015** | **2014** |
| Accounts Payable | 3,208,293.41 | 4,193,187.28 |
| Due to Officers and Employees | 4,159,912.88 | 3,711,503.08 |
| **Total**s | **7,368,206.29** | **7,904,690.36** |

1. **Inter-Agency Payables – P3,657,464.06**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Current** | |
| **2015** | **2014** |
| Due to BIR | 1,796,255.67 | 1,440,962.79 |
| Due to GSIS | 140,691.92.92 | - |
| Due to Pag-IBIG | 5,841.47.47 | - |
| Due to PhilHealth | 14,675.00 | - |
| Due to Other NGAs (CHED) | 1,700,000.00 | - |
| **Total Inter-Agency Payables** | **3,657,464.06** | **1,440,962.79** |

1. **Other Payables - P118,033.64**

This current account refers to the balance due for remittance to the College’s accredited employees’ association from membership dues and loan repayments.

1. **Trust Liabilities - P593,777.65**

| **Particulars** | **2015** | | **2014** | |
| --- | --- | --- | --- | --- |
| **Current** | **Non-Current** | **Current** | **Non-Current** |
| Bid bond of Security Agency |  | 81,800.00 |  | 81,800.00 |
| Performance bond of Security Agency |  | 174,145.05 |  | 174,145.05 |
| Performance bond of Supplier of Office Equipment | 37,832.60 |  | - |  |
| Performance bond of supplier of IT equipment and software. | 300.000.00 |  | - |  |
| **Total** | **337.832.60** | **255,945.05** | **-** | **255,945.05** |

1. **Accumulated Surplus/(Deficit) - P548,978,335.43**

The accumulated surplus account balance as at December 31, 2015 is presented as follows:

|  |  |
| --- | --- |
| **Particulars** | **Amount** |
| Balance at January 1, 2015 | 443,532,447.10 |
| Add: Prior Period Adjustments/Unrecorded Income and Expenses | 250,371.05 |
| Surplus for the period | 105,195,349.75 |
| **Balance at December 31, 2015** | **548,978,167.90** |

1. **Service and Business Income - P188,135,838.91**

The breakdown of this income account is shown as follows:

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2015** | **2014** |
| **Business Income** |  |  |
| School Fees | 185,103,280.72 | 151,072,495.69 |
| Rent/Lease Income | 813,348.00 | 1,149,905.12 |
| Interest Income | 121,427.28 | 180,732.29 |
| Fines and Penalties | 637,733.50 | 843,880.75 |
| Other Business Income | 1,460,049.41 | 1,731,016.43 |
| **Total Service and Business Income** | **188,135,838.91** | **154,978,030.28** |

1. **Personnel Services - ₱67,959,968.01**

This expense account refers to all payments related to the regular salaries and other compensation and personnel benefits received by the teaching and non-teaching personnel of the College broken down as follows:

1. **Salaries and Wages**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2015** | **2014** |
| Salaries and Wages - Regular | 39,330,592.14 | 38,140,779.98 |
| **Total Salaries and Wages** | **39,330,592.14** | **38,140,779.98** |

1. **Other Compensation**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2015** | **2014** |
| Personnel Economic Relief Allowance (PERA) | 3,164,231.51 | 3,193,614.90 |
| Representation Allowance | 707,625.00 | 608,250.00 |
| Transportation Allowance | 621,331.68 | 571,250.00 |
| Clothing/Uniform Allowance | 700,000.00 | 670,000.00 |
| Subsistence Allowance | 19,325.00 | 18,960.00 |
| Laundry Allowance | 3,600.00 | 3,450.00 |
| Productivity Incentive Allowance | 3,535,331.00 | 2,110,000.00 |
| Honoraria | 7,742,840.11 | 7,210,321.03 |
| Year-End Bonus | 3,373,134.60 | 3,179,732.00 |
| Cash Gift | 682,250.00 | 665,000.00 |
| Other Bonuses and Allowance | 1,111,500.00 | - |
| **Total Other Compensation** | **21,661,168.90** | **18,230,557.93** |

1. **Personnel Benefit Contributions**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2015** | **2014** |
| Retirement and Life Insurance Premiums | 4,656,719.09 | 4,582,461.01 |
| PAG-IBIG Contributions | 146,300.00 | 159,800.00 |
| PhilHealth Contributions | 467,262.50 | 444,462.50 |
| ECI Premiums | 179,206.70 | 161,552.95 |
| **Total Personnel Benefit Contributions** | **5,449,488.29** | **5,348,276.46** |

1. **Other Personnel Benefits**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2015** | **2014** |
| Terminal Leave Benefits | 116,913.82 | 223,596.90 |
| Other Personnel Benefits | 1,401,804.86 | 7,525,040.88 |
| **Total Other Personnel Benefits** | **1,518,718.68** | **7,748,637.78** |

1. **Maintenance and Other Operating Expenses - P105,016,176.62**

This expense account refers to all expenditures incurred by the College during the year listed down as follows:

1. **Traveling Expenses**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2015** | **2014** |
| Traveling Expenses - Local | 6,793,976.21 | 6,513,452.25 |
| Traveling Expenses - Foreign | 470,047.10 | 21,920.00 |
| **Total Traveling Expenses** | **7,264,023.31** | **6,535,372.25** |

1. **Training and Scholarship Expenses**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2015** | **2014** |
| Training Expenses | 2,058,979.38 | 1,919,343.86 |
| Scholarship Grants/Expenses | 2,897,850.00 | 953,990.40 |
| **Total Training and Scholarship Expenses** | **4,956,829.38** | **2,873,334.26** |

1. **Supplies and Materials Expenses**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2015** | **2014** |
| Office Supplies Expenses | 2,606,462.79 | 3,143,634.86 |
| Accountable Forms Expenses | 277,620.20 | 235,010.70 |
| Drugs & Medicines Expenses | 84,055.85 | 55,015.52 |
| Medical, Dental and Laboratory Supplies Expenses | 42,261.25 | 54,451.70 |
| Fuel, Oil, and Lubricants Expenses | 833,934.09 | 794,363.04 |
| Textbooks and Instructional Material Expenses | 81,428.00 | 62,053.50 |
| Other Supplies and Materials Expenses | 5,507,311.67 | 6,996,961.46 |
| **Total Supplies and Materials Expenses** | **9,433,073.85** | **11,341,490.78** |

1. **Utility Expenses**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2015** | **2014** |
| Water Expenses | 4,544,514.01 | 3,877,141.37 |
| Electricity Expenses | 7,962,663.96 | 8,725,157.13 |
| **Total Utility Expenses** | **12,507,177.97** | **12,602,298.50** |

1. **Communication Expenses**

| **Particulars** | **2015** | **2014** |
| --- | --- | --- |
| Postage and Courier Services | 26,370.30 | 58,319.50 |
| Telephone Expenses | 920,409.59 | 824,950.30 |
| Internet Expenses | 223,081.08 | 519,042.77 |
| Cable, Satellite, Telegraph and Radio Expenses | **-** | 860.00 |
| **Total Communication Expenses** | **1,169,860.97** | **1,403,172.57** |

1. **Confidential, Intelligence and Extraordinary Expenses**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2015** | **2014** |
| Extraordinary and Miscellaneous Expenses | 104,440.13 | 93,479.09 |
| **Total Confidential, Intelligence and Extraordinary Expenses** | **104,440.13** | **93,479.09** |

1. **Professional Services**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2015** | **2014** |
| Legal Services | 571,501.00 | 444,634.04 |
| Auditing Services | 19,192.85 | 9,444.74 |
| Other Professional Services | 33,250,089.32 | 37,281,448.15 |
| **Total Professional Services** | **33,840,783.17** | **37,735,526.93** |

1. **General Services**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2015** | **2014** |
| Security Services | 5,677,539.19 | 4,213,594.37 |
| Other General Services | 8,439,627.07 | 12,691,074.17 |
| **Total General Services** | **14,117,166.26** | **16,904,668.54** |

1. **Repairs and Maintenance**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2015** | **2014** |
| Repairs and Maintenance - Buildings and Other Structures | 3,990,141.58 | 1,686,375.35 |
| Repairs and Maintenance- Machinery and Equipment | 436,960.08 | 656,570.52 |
| Repairs and Maintenance - Transportation Equipment | 484,051.78 | 1,245,471.66 |
| Repairs and Maintenance- Furniture and Fixtures | 34,985.86 | 465,516.05 |
| Repairs and Maintenance- Other Property, Plant and Equipment | **-** | 149,607.40 |
| **Total Repairs and Maintenance** | **4,946,139.30** | **4,203,540.98** |

1. **Taxes, Insurance Premiums and Other Fees**

| **Particulars** | **2015** | **2014** |
| --- | --- | --- |
| Taxes, Duties and Licenses | 558,238.57 | 22,037.62 |
| Fidelity Bond Premiums | 159,562.50 | 167,250.00 |
| Insurance Expenses | 4,131,588.89 | 4,007,222.16 |
| **Total Taxes, Insurance Premiums and Other Fees** | **4,849,389.96** | **4,296,509.78** |

1. **Other Maintenance and Operating Expenses**

| **Particulars** | **2015** | **2014** |
| --- | --- | --- |
| Advertising Expenses | 14,100.00 | 15,711.00 |
| Printing and Publication Expenses | 2,084,776.19 | 4,481,324.28 |
| Representation Expenses | 4,181,398.79 | 5,543,342.68 |
| Rent/Lease Expenses | 1,174,077.00 | 1,210,890.00 |
| Membership Dues and Contributions to Orgs. | 2,157,498.09 | 1,820,683.45 |
| Subscription Expenses | 206,912.56 | 358,052.60 |
| Donations | - | 62,500.00 |
| Other Maintenance and Operating Expenses | 2,008,529.69 | 2,466,312.70 |
| **Total Other Maintenance and Operating Expenses** | **11,827,292.32** | **15,958,816.71** |

1. **Non-Cash Expenses - P6,448,009.46**

This expense account consists of all the depreciation expenses for the property plant and equipment and impairment loss from receivables broken down as follows:

1. **Depreciation**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2015** | **2014** |
| Depreciation - Buildings and Other Structures | 355,854.66 | 675,594.49 |
| Depreciation - Machinery and Equipment | 4,780,184.22 | 4,125,902.95 |
| Depreciation - Transportation Equipment | 762,121.31 | 688,583.74 |
| Depreciation - Furniture, Fixtures and Books | 272,260.49 | 228,724.67 |
| Depreciation –Other Property, Plant and Equipment | **-** | 196,967.34 |
| **Total Depreciation** | **6,170,420.68** | **5,915,773.19** |

1. **Impairment Loss**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2015** | **2014** |
| Impairment Loss - Loans and Receivables | 231,273.39 | 192,052.83 |
| Impairment Loss - Other Receivables | 46,315.39 | - |
| **Total Impairment Loss** | **277,588.78** | **192,052.83** |

1. **Receipt of Notice of Cash Allocation ( NCA) – P91,059,071.51**

For this year, the total NCA amounting to ₱91,059,071.51 was received from the Department of Budget and Management to cover the payment of expenses for operational requirements and liabilities, details of which comparative to received NCA in 2014 are as follows:

| **Month** | **2015** | **2014** |
| --- | --- | --- |
| January | 5,619,363.00 | 5,463,161.00 |
| February | 5,619,363.00 | 5,463,161.00 |
| March | 5,897,363.00 | 5,745,161.00 |
| April | 6,314,363.00 | 6,294,173.00 |
| May | 9,053,803.28 | 7,337,393.00 |
| June | 9,259,646.70 | 8,865,913.00 |
| July | 7,943,400.00 | 5,610,160.00 |
| August | 7,907,788.53 | 5,585,105.00 |
| September | 6,307,653.00 | 5,900,386.00 |
| October | 6,916,769.00 | 5,510,955.00 |
| November | 6,547,783.00 | 7,582,554.00 |
| December | 13,671,776.00 | 7,608,699.00 |
| **Total NCA received** | **91,059,071.51** | **76,966,821.00** |

1. **Net Financial Assistance/Subsidy - P96,483,664.93**

The net financial assistance /subsidy consists of the following:

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2015** | **2014** |
| NCA received for the year | 91,059,071.51 | 76,966,821.00 |
| Tax Remittance Advice (TRA) | 5,500,833.20 | 5,641,387.47 |
| Total | 96,559,904.71 | 82,608,208.47 |
| Less: Reversal of unutilized NCA | 76,239.78 | 195,534.57 |
| Adjustments | **-** | **5**4,626.32 |
| **Net Financial Assistance/Subsidy** | **96,483,664.93** | **82,358,047.58** |

1. **Collection of Income/Revenue - P188,135,838.91**

| **Particulars** | **2015** | **2014** |
| --- | --- | --- |
| School Fees\* | 185,103,280.72 | 144,591,276.01 |
| Rent/Lease Income | 813,348.00 | 755,339.12 |
| Interest Income | 121,427.28 | - |
| Fines and Penalties - Business Income | 637,733.50 | 843,880.75 |
| Other Business Income | 1,460,049.41 | 1,911,637.04 |
| **Total Collection of Income/Revenue** | **188,135,838.91** | **148,102,132.92** |

\*Explanatory Note under Statement of Cash Flow – The difference of amount reported under School Fees in Note 17 and Note 23 is the fact that an **actual cash inflow** only of P178,221,238.43 was collected **excluding receivables** amounting to P6,882,042.29 recorded under JEV#GJ-15-12-43 dated 12/31/2015 which form part of income under “School Fees” reported under the Statement of Financial Performance (accrual basis).

1. **Receipts of Assistance and Subsidy from other NGAs - P304,000.00**

This refers to the scholarship assistance fund received from the Commission on Higher Education (CHED) for Tulong Dunong Program amounting to P204,000.00 and VP Binay Student Grantees Fund of P100,000.00.

1. **Collection of Receivables - P4,220,785.80**

This account consists of collection of Accounts Receivables by the College for FY 2015 amounting to P4,220,785.80.

1. **Receipt of Inter-Agency Fund Transfer** - P**1,700,000.00**

This account consists of Research fund of P1,700,000.00 received from Commission on Higher Education (CHED) sourced from the Higher Education Fund (HEDF) allocation for Grants-in-Aid (GIA) for Research Development and Extension (RDE)

1. **Other Receipts -** P**1,236,951.72**

This account consists of refunds of cash advances and refund of overpayment of operating expenses in the amount of P1,236,951.72.

| **Particulars** | **2015** | **2014** |
| --- | --- | --- |
| Refund of overpayment of Personnel Services | 3,118.56 | - |
| Refund of overpayment of MOOE | 345,243.19 | - |
| Refund of Cash Advances | 887,089.97 | 535,774.36 |
| Other Miscellaneous receipts | 1,500.00 | - |
| **Total Other Receipts** | **1,236,951.72** | **535,774.36** |

1. **Payment of Expenses - P45,279,237.29**

The current operating expenses are broken down as follows:

| **Particulars** | **2015** | **2014** |
| --- | --- | --- |
| Payment of personnel services | 3,749,169.84 | 43,780,561.18 |
| Payment of maintenance and other operating expenses | 40,945,306.98 | 53,377,237.55 |
| Payment of expenses pertaining to / incurred in the prior years | 584,760.47 | - |
| **Total Current Operating Expenses** | **45,279,237.29** | **97,157,798.73** |

1. **Purchase of Inventories - P175,000.00**

This refers to the payment of accountable forms acquired by the College during the year which were distributed and used by its four campuses.

1. **Granting of Cash Advances - P85,273,608.07**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2015** | **2014** |
| Petty Cash | 639,431.51 | 3,094,115.21 |
| Operating Expenses | - | 7,999.00 |
| Payroll | 76,901,387.65 | 46,848,215.28 |
| Special Disbursing Officer | 5,552,548.56 | 4,656,521.00 |
| Officers and Employees | 2,180,240.35 | 1,372,174.74 |
| **Total Granting of Cash Advances** | **85,273,608.07** | **55,979,025.23** |

1. **Prepayments - P4,174,242.63**

This account is broken down as follows:

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2015** | **2014** |
| Prepaid Insurance |  |  |
| * for motor vehicles | 465,183.18 | 67,899.63 |
| * for other properties and equipment | 2,949,639.80 | 2,507,039.20 |
| * personal accident insurance for students, faculty, and staff | 759,419.65 | 137,995.00 |
| **Total Prepayments** | **4,174,242.63** | **2,712,933.83** |

1. **Payment of Accounts Payable - P9,678,431.68**

The nature of these payables is as follows:

| **Particulars** | **2015** | **2014** |
| --- | --- | --- |
| Payment from Special Trust Fund:  Prior year’s accounts payable (MOOE) | 4,193,187.59 | 2,407,943.47 |
| Payment from General fund:  Prior year’s account due to officers and employees (PS) |  | 211,020.00 |
| Payment from General fund:  Prior year’s accounts payable(CO) | 5,485,244.09 | - |
| Prior year’s due to officers and employees (PS/MOOE) | **-** | 5,187,735.17 |
| **Total Payment of Accounts Payable** | **9,678,431.68** | **7,806,698.64** |

1. **Remittance of Personnel Benefit Contributions and Mandatory Deductions - P28,818,765.30**

The account refers to the total monthly remittances of GSIS/Pagibig/PhilHealth and other payables are broken down as follows:

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2015** | **2014** |
| Remittance of taxes withheld not covered by TRA | 5,695,775.47 | 4,792,746.28 |
| Remittance to GSIS/Pag-IBIG/PhilHealth | 12,543,197.72 | 6,161,317.90 |
| Remittance of personnel benefits contributions | 5,249,351.16 | 3,395,693.40 |
| Remittance to other payables | 5,330,440.95 | - |
| **Total Remittance of Personnel Benefit Contributions and Mandatory Deductions** | **28,818,765.30** | **14,349,757.58** |

1. **Grant of Financial Assistance/Subsidy – P304,000.00**

This consists of payment of financial assistance to deserving students awarded with scholarships under the Tulong Dunong Program amounting to P204,000.00 and under the VP Binay Student Grantees Fund of P100,000.00.

1. **Release of Inter-Agency Fund Transfers –** **P8,609,277.93**

This consists of the advance payment made to Procurement Service of DBM for the proposed purchase of 1 unit of Flight Simulator Trainer amounting to P8,000,000.00, and release of payment for the CHED-funded research project in amount of P609,277.93.

1. **Other Disbursements – P3,193,273.43**

This account refers to the payment of claims of internal creditors which consist of dues to various officers and employees amounting to P3,193,273.43.

1. **Reversal of Unutilized NCA - P76,239.78**

The total unutilized NCA balance for FY 2015 amounted to P76,239.78 which was reverted to the account of the National Treasury as at December 31,2015.

1. **Purchase of Property, Plant and Equipment - P3,149,715.63**

This account is broken down as follows:

| **Particulars** | **2015** | **2014** |
| --- | --- | --- |
| Purchase of machinery and equipment | 2,961,313.47 | 4,728,161.00 |
| Purchase of furniture, fixtures and books | 10,045.44 | 249,660.00 |
| Purchase of transportation equipment | 178,356.72 | - |
| **Total Purchase of Property, Plant & Equipment** | **3,149,715.63** | **4,977,821.00** |

1. **Prior period Adjustments/Unrecorded Income & Expenses – P250,371.05**

This refers to the effect of prior period adjustments derived from the restoration of cash account due to stale/cancelled checks issued in 2014 and other adjustments resulting to the increase of Net Assets/Equity.

1. **Adjustment of net revenue recognized directly in net assets/equity– P106,427,788.30**

This account refers to the adjustment detailed as follows:

|  |  |
| --- | --- |
| **Particulars** | **Amount** |
| Total Revenue | 188,135,838.91 |
| Less: Current Operating Expenses | 179,424,154.09 |
| Surplus from Current Operations | 8,711,684.82 |
| Add: Financial Assistance/Subsidy from NGA, LGUs, GOCCs | 96,483,664.93 |
| **Surplus for the Year 2015** | **105,195,349.75** |